

Transcript of President Obama's Interview on Ukraine Situation - February 1, 2015

FAREED ZAKARIA: Would it be fair to say that with regard to Russia, your policy has been pretty effective in imposing real costs on the Russian economy, but it has not deterred Vladimir Putin from creating instability in Ukraine. Conflict seems to have even escalated in the last few weeks.

PRESIDENT OBAMA: I think that's entirely fair. And I think that is a testament to the bad decisions that Mr. Putin is making on behalf of his country. You know, you think about where we've been in terms of U.S.-Russian relations; when I came into office, we talked about reset, and I established, I think, an effective working relationship with Mr. Medvedev.

And as a consequence, Russia's economy was growing, they had to the opportunity to begin diversifying their economy, their relations across Europe and around the world were sound, they joined the WTO with assistance from us. And since Mr. Putin made this decision around Crimea and Ukraine - not because of some grand strategy, but essentially because he was caught off-balance by the protests in the Maidan and Yanukovych then fleeing after we had brokered a deal to transition power in Ukraine - since that time, this improvisation that he's been doing has gotten - has gotten him deeper and deeper into a situation that is a violation of international law, that violates the integrity, territorial integrity and sovereignty of Ukraine, has isolated Russia diplomatically, has made Europe wary of doing business with Russia, has allowed the imposition of sanctions that are crippling Russia's economy at a time when their oil revenues are dropping.

There's no formula in which this ends up being good for Russia.

The annexation of Crimea is a cost, not a benefit, to Russia. The days in which conquest of land somehow was a formula for great nation status is over. The power of countries today is measured by your knowledge, your skills, your ability to export goods, to invent new products and new services, your influence, and...

OBAMA: - none of those things are provided by his strategy. Now but what is absolutely true is that if you have a leader who continually drives past the off ramps that we've provided, given the size of the Russian military, given the fact that Ukraine is not a NATO country and so as a consequence there, you know, there are clear limits in terms of what we would do militarily, you know, Mr. Putin has not been stopped so far.

To those who would suggest that we need to do more, you know, what I've said to them is that we can exact higher and higher costs, and that's exactly what we're doing, and we can bring diplomatic pressure to bear. I don't think that it would be wise for the United States or the world to see an actual military conflict between the United States and Russia.

What we are doing is reinforcing those border states who are members of NATO -

ZAKARIA: But you haven't...

OBAMA: - and making very clear that that line is one that cannot be crossed because we would have to take military action to protect our allies. That's part of what Article V's all about.

ZAKARIA: But you've seen no indication that Putin is ready for a deal in recent months, weeks?

OBAMA: You know, so far, what we've seen is a lot of talk in public - with Chancellor Merkel and President [UNINTELLIGIBLE] and ourselves - in which he will say one thing but his actions tell another tale. And what we've consistently seen is that the separatists are Russian financed, Russian trained; their strategy comes from Russia;

Russian troops support them. And so we have not yet seen a recognition on the part of the Kremlin that it is in Russia's interests to resolve this issue over the long term.

So in addition to continuing to exact costs on Russia, one of the most important things we can do is to continue to support the Ukrainian economy and the reform efforts that are coming out of Kiev. And to their credit, President Poroshenko and Prime Minister Yatsenyuk have initiated significant reforms there that are making a difference if they're given a chance.

And so we're going to keep on these dual tracks - putting more pressure on Russia, bolstering Ukraine, delivering a message to Mr. Putin that these off ramps and diplomatic resolutions remain available.

I'm not wildly optimistic at this point that his orientation changes, partly because the one thing that's been very successful for Mr. Putin is his politics. I think he's been able to create, in part because of state-sponsored media and Russian TV, and all the mechanisms he has to quell dissent inside his country, and then tapping into, you know, sort of the strong nationalism that exists inside of Russia, what he has been able to do is to keep his poll numbers up.

And in fact, a lot of his turn away from reengagement with the West was when he decided to start running for reelection and his popularity wasn't as high as he was accustomed to. And you'll recall there were protests in Moscow that started numbering in the thousands, and you started then seeing a ramp-up of this anti-Western, anti-U.S. rhetoric, which is, you know, out of the old Soviet playbook.

So he's looking backwards, not forwards, and perhaps, over time, he changes his mind. In the meantime, we just have to make sure that we're firm in protecting our allies and supporting the principles that have maintained peace in Europe for the entire post-war period.